
Agency:	107 Health Care Authority
Decision Package Code/Title:	PL-KG Medicaid Expansion
Budget Period:	2014 Supplemental Submittal
Budget Level:	PL – Policy Level

Recommendation Summary Text

The Health Care Authority (HCA) requests \$3.5 million (\$1.1 million GF-S) to support the Medicaid expansion in Washington. These additional resources will be used to make required modifications to the ProviderOne system and support a marketing campaign targeted to uninsured childless adults.

Package Description

During the last legislative session, Washington took the next step in implementing Medicaid expansion. HCA will need to make modification to their ProviderOne system in order to meet the requirements for Medicaid expansion and supporting optional programs authorized by the Legislature. In addition, HCA is seeking funds to move forward with a Marketing campaign to recruit uninsured childless adults for the Apple Health (Medicaid) coverage. These are described more fully below.

ProviderOne System Modifications (\$2,485,000):

With the passage of the Affordable Care Act, Washington is proposing to expand Medicaid coverage to populations not currently eligible. The expansion would cover individuals between the ages of 19 through 64 with income under 138 percent of the Federal Poverty Level (FPL) and who are not currently eligible for Medicaid. The newly eligible adult Medicaid group would have their eligibility determined by using the new Modified Adjusted Gross Income (MAGI) methodology.

The required changes to ProviderOne include:

- Changes to ProviderOne and related sub-systems to accept and process the new Recipient Aid Categories (RACs) for Modified Adjusted Gross Income (MAGI) related clients and new eligibility categories for the Medicaid expansion population;
- New client data elements that will be captured from the Healthplanfinder and available to ProviderOne;
- Increased frequency of the ACES interface to ProviderOne to process and load eligibility files;
- An anticipated increase in client record volume from ACES that will require enhanced processing power and increased data and transaction storage capacity.

Completion of these ProviderOne modifications is necessary to operationalize the federally required MAGI eligibility guidelines and Medicaid Expansion and assure compliance with federal guidelines and state implementation decisions.

These costs are eligible for enhanced federal participation of 90 percent for development and 75 percent for operations and maintenance. Maintenance costs are ongoing and are anticipated to be \$279,000 for FY 16 and \$285,000 in FY 17.

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	FY 2014	FY 2015	Total
Expenditures by Fund:			
Fund 001-1 GF-State	\$ 551,000	\$ 69,000	\$ 620,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 1,659,000	\$ 206,000	\$ 1,865,000
Total	\$ 2,210,000	\$ 275,000	\$ 2,485,000

Marketing Campaign for Washington Apple Health (\$1 million)

HCA is seeking one-time funding to research, design and underwrite an effective marketing campaign to recruit uninsured childless adults for the Apple Health (Medicaid) coverage. The state's current marketing campaign for health care reform does not focus on Medicaid because of limitations placed on the federal funding awarded to the Health Benefit Exchange.

Medicaid and HCA are expected to draw more successful applicants from the state's uninsured ranks than the commercial market, and it will be important to work rapidly to make up for the three to six months of lost timing from the Exchange's opening (October 1, 2013) until the end of open enrollment (March 31, 2014). Medicaid enrollments are not tied to the open enrollment period – all the more important to boost the Apple Health option for the Washington residents who will be able to apply successfully for that coverage throughout 2014.

Marketing funds were approved in last year's House budget, but were not included by the Senate and did not survive into the final bill. As a result, HCA has had to stretch to use earned media, news releases, provider notices and direct appeals to community groups, hospitals, clinics and providers. HCA has also been aggressive about using social media – Twitter and Facebook – to amplify these appeals. These strategies have worked in the short term, but they will not replace the need for a comprehensive longer-term outreach that includes a well-designed paid media component.

Cost estimate assume work will begin in March 2014 and continue through June 2015. Costs are assumed to be eligible for 50 percent federal match.

	FY 2014	FY 2015	Total
Expenditures by Fund:			
Fund 001-1 GF-State	\$ 125,000	\$ 375,000	\$ 500,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 125,000	\$ 375,000	\$ 500,000
Total	\$ 250,000	\$ 750,000	\$ 1,000,000

Questions related to this decision package should be directed to Marcia Wendling at (360)725-1836 or at marcia.wendling@hca.wa.gov.

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Fiscal Detail/Objects of Expenditure

	FY 2014	FY 2015	Total
1. Operating Expenditures:			
Fund 001-1 GF-State	\$ 676,000	\$ 444,000	\$ 1,120,000
Fund 001-C GF-Federal Medicaid Title XIX	\$ 1,784,000	\$ 581,000	\$ 2,365,000
Total	\$ 2,460,000	\$ 1,025,000	\$ 3,485,000
	FY 2014	FY 2015	Total
2. Staffing:			
Total FTEs	-	-	-
	FY 2014	FY 2015	Total
3. Objects of Expenditure:			
A - Salaries And Wages	\$ -	\$ -	\$ -
B - Employee Benefits	\$ -	\$ -	\$ -
C - Personal Service Contracts	\$ -	\$ -	\$ -
E - Goods And Services	\$ 2,460,000	\$ 1,025,000	\$ 3,485,000
G - Travel	\$ -	\$ -	\$ -
J - Capital Outlays	\$ -	\$ -	\$ -
Total	\$ 2,460,000	\$ 1,025,000	\$ 3,485,000
	FY 2014	FY 2015	Total
4. Revenue:			
Fund 001-C GF-Federal Medicaid Title XIX	\$ 1,784,000	\$ 581,000	\$ 2,365,000
Total	\$ 1,784,000	\$ 581,000	\$ 2,365,000

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

This request allows HCA to make necessary changes to the ProviderOne system and be proactive in positioning Washington to meet ACA requirements and reach enrollment goals.

Performance Measure Detail

Activity Inventory

H001 HCA Administration

H003 HCA Information Technology

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Is this decision package essential to implement a strategy identified in the agency’s strategic plan?

Yes, one of HCA’s key metrics is implementation of Health Reform as laid forth in the ACA. This request supports access to services available under Medicaid in order to better serve our customers: the most vulnerable populations in Washington State.

Does this decision package provide essential support to one of the Governor’s priorities?

Yes, this directly supports Governor Inslee’s Results Washington - Goal 4: Healthy and Safe Communities, and Goal 5: Effective, Efficient and Accountable Government.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government (POG) process?

Yes, this directly supports Governor Inslee’s Results Washington - Goal 4: Healthy and Safe Communities, and Goal 5: Effective, Efficient and Accountable Government.

What are the other important connections or impacts related to this proposal?

This proposal helps HCA meet expectations and deadlines. The marketing campaign, if successful will bring in a population that is not currently being served.

What alternatives were explored by the agency, and why was this alternative chosen?

HCA has only looked at implementing the Affordable Care Act. Completion of these ProviderOne modifications is necessary to operationalize the federally required MAGI eligibility guidelines and Medicaid Expansion and assure compliance with federal guidelines and state implementation decisions.

What are the consequences of not funding this package?

HCA will lack resources needed for Medicaid expansion work that is being undertaken by HCA.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

Expenditure and Revenue Calculations and Assumptions

Revenue Calculations and Assumptions:

Revenue reflects anticipated federal matching for identified workload. HCA assumes that one-time system modifications are eligible for an enhanced match of 90percent, on-going system

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maintenance and operation cost are eligible for an enhanced match of 75 percent, and the remaining costs will receive the administrative match rate of 50 percent.

Expenditure Calculations and Assumptions:

Costs for ProviderOne are estimates based on the most current information available. Ongoing maintenance costs may vary due to volume and storage needs, or if rates with the vendor change.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

Distinction between one-time and ongoing costs:

One-time costs are identified for development costs associated with changes to ProviderOne and the marketing campaign. Only the maintenance costs are ongoing.

Budget impacts in future biennia:

ProviderOne maintenance costs will continue into future biennia.

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